



**TIGAR AD
BOARD OF DIRECTORS**

PROPOSED RESOLUTION

Date: 2012-05-16

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Pursuant to Article 592 (7) of the Companies Law (Official Gazette of the RoS, nos. 36/11 and 99/11) and pursuant to Article 88 (a), (1) and (6) of the Articles of Association of the Joint-Stock Company Tigar Piro (Tigar AD), the Board of Directors of Tigar AD, being the competent body up to the time of alignment with the Companies Law, proposes to the Shareholders' Assembly to pass the following

RESOLUTION
adopting Tigar AD's 2011 Consolidated Financial Report and other reports
in connection with the Consolidated

1. The Consolidated Financial Report of Tigar AD for the year 2011, and the reports in connection with the Consolidated Financial Report, including:
 - Tigar AD's 2011 Annual Report presented by the Board of Directors,
 - The 2011 report presented by the auditor firm Deloitte d.o.o., and
 - The 2011 report presented by the Supervisory Board

are hereby adopted in their entirety.

2. According to the income statement from the Consolidated Financial Report for the January-December 2011 period, Tigar AD reported the following results:

	<u>In thousands of RSD</u>	
	<u>2011.</u>	<u>2010.</u>
OPERATING INCOME		
Sales of goods, products and services	4,296,923	4,288,191
Own work capitalized	710,666	743,239
Increase in the value of inventories	264,350	89,828
Other operating income	26,546	39,624
	<u>5,298,485</u>	<u>5,160,882</u>
OPERATING EXPENSES		
Cost of commercial goods sold	(836,916)	(902,193)
Cost of material	(1,862,687)	(1,563,187)
Staff costs	(1,770,138)	(1,611,720)
Depreciation, amortization and provisions	(177,188)	(187,982)
Other operating expenses	(638,622)	(624,515)
	<u>(5,285,552)</u>	<u>(4,889,597)</u>
OPERATING PROFIT/(LOSS)	<u>12,934</u>	<u>271,285</u>
Finance income	108,672	72,209
Finance expenses	(537,174)	(391,035)
Other income	237,660	74,505
Other expenses	(57,822)	(46,648)
PROFIT/(LOSS) BEFORE TAXATION	<u>(235,731)</u>	<u>(19,684)</u>
INCOME TAXES		
- Current income tax expense	(65,456)	(31,088)
- Deferred income tax expense	(7,946)	(6,349)
NET LOSS FOR THE YEAR	<u>(309,133)</u>	<u>(57,121)</u>



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3. According to the balance sheet in the Consolidated Financial Report as of 31 December 2011, Tigar AD reported the following balance sheet items:

	<u>2011.</u>	<u>In 000 RSD 2010.</u>
ASSETS		
Non-current assets		
Intangible assets	547,151	398,125
Property, plant and equipment	4,521,484	4,288,114
Investment property	227,011	
Equity investments	11,819	11,819
Other long –term financial placements	41,720	45,468
	<u>5,355,759</u>	<u>4,743,526</u>
Current assets		
Inventories	2,073,287	1,823,646
Non-current assets held for sales	6,846	20,039
Accounts receivable	892,958	903,162
Receivables for prepaid income taxes	2,171	7,097
Short-term financial placements	4,765	4,986
Cash and cash equivalents	251,093	369,524
Value added tax and prepayments	301,178	327,267
Deffered tax assets	22,160	21,305
	<u>3,525,724</u>	<u>3,455,721</u>
Total assets	<u><u>8,903,643</u></u>	<u><u>8,220,552</u></u>
EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	2,062,152	2,062,152
Reserves	5,418	941
Revaluation reserves	1,079,077	1,051,401
(Accumulated Loss)/Retained earnings	(167,411)	197,134
Non-controlling interest	72,688	55,169
Translation reserves	44,198	26,868
	<u>3,096,122</u>	<u>3,393,665</u>
Long-term provisions and liabilities		
Long-term provisions	84,127	83,087
Long-term liabilities	1,270,109	1,729,282
	<u>1,354,236</u>	<u>1,812,369</u>
Current liabilities		
Short-term financial liabilities	2,684,202	1,716,210
Accounts payable	1,164,507	851,145
Other current liabilities	296,432	183,926
Value added tax and other public duties payable		
And accruals	114,852	110,455
Income taxes payable	50,326	18,086
	<u>4,310,319</u>	<u>2,879,822</u>
Deffered tax liabilities	<u>142,966</u>	<u>134,696</u>
Total equity and liability	<u><u>8,903,643</u></u>	<u><u>8,220,552</u></u>

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4. Tigar AD's 2009 Consolidated Financial Report, the Board of Directors' 2011 Annual Report (which includes results based on consolidated financial statements), the auditors' report, and the Supervisory Board's report, shall be posted in their entirety, in both Serbian and English, on the Company's web site www.tigar.com 30 days prior to the ordinary session of the Shareholders' Assembly. They will also be available for inspection at the Company's headquarters on any business day during normal business hours.
5. Following adoption by the Shareholders' Assembly at its ordinary session, the Consolidated Financial Report, along with the auditors' report and the General Assembly's Resolution, shall be submitted to the Business Registers Agency and publicly disclosed pursuant to applicable accounting and auditing regulations.

Explanatory Notes

Tigar AD's 2011 Consolidated Financial Report has been prepared in accordance with applicable accounting and auditing regulations.

The Company's Board of Directors has adopted the 2011 Annual Report and the 2011 consolidated result contained therein.

Tigar AD's auditors Deloitte d.o.o. have audited the consolidated financial statements and issued a report which includes their opinion.

The Supervisory Board has also reviewed the 2011 consolidated financial statements and issued a positive opinion concerning the accuracy and objectivity of the accounts of 2011 consolidated financial results.

A continued growth of operating income was noted with approval; it is indicative of a positive trend, regardless of the current financial result which depended on many internal and external factors during the period.

Based on the 2011 consolidated result, the 2011 consolidated performance and conditions reported in the Annual Report, the auditors' report and opinion, and the Supervisory Board's 2011 report, the General Assembly approved these reports in their entirety, on recommendation of the Board of Directors, and passed the Resolution as set out above.

TIGAR AD Board of Directors

s. Dragan Nikolić
Chairman